

Message Text

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TAGS: EGEN, EMIN, PINT, PE

SUBJECT: PRESIDENT LAUDS CUAJONE; PERUVIAN BUSINESS

COMMUNITY RESPONDS FAVORABLY TO HIS

ENCOURAGEMENT OF PRIVATE INVESTMENT

REF: LIMA 10292

1. DURING HIS NOVEMBER 9 PRESS CONFERENCE IN WHICH HE STATED THE GOP'S INTEREST IN ENCOURAGING PRIVATE AND FOREIGN INVESTMENT (REPORTED REFTTEL), PRESIDENT MORALES BERMUDEZ SPOKE IN HIGHLY LAUDATORY TERMS OF THE EFFORTS OF THE SOUTHERN PERU COPPER CORPORATION IN DEVELOPING THE CUAJONE COPPER MINING COMPLEX. AFTER REFERRING TO THE SIZE OF THE INVESTMENT NEEDED AND THE LEVEL OF PRODUCTION EXPECTED UPON THE MINE'S INAUGURATION, HE NOTED THAT SPCC WAS FOREIGN FIRM THAT HAD RESPECTED PERUVIAN LAWS AND THAT IT HAD NOT CAUSED ANY PROBLEM IN PERU. MOREOVER, THE PRESIDENT POINTED OUT, THE COMPANY WAS ALSO PROVIDING THE COUNTRY WITH IMPORTANT TECHNOLOGICAL ASSISTANCE. RHETORICALLY ADDRESSING THOSE ELEMENTS OF THE POPULATION THAT HAD OPPOSED THE GOVERNMENT'S 1969 CONTRACT WITH SPCC FOR CUAJONE, MORALES BERMUDEZ ASKED "WHAT WOULD HAVE HAPPENED IF WE HADN'T OPENED THE LARGE CUAJONE PROJECT IN 1969? HOW WOULD OUR FUTURE FOREIGN LIMITED OFFICIAL USE

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EXCHANGE (PICTURE) BE? THAT IS THE ANSWER."

2. THE PERUVIAN PRESS OF NOVEMBER 11 CARRIED SEVERAL ARTICLES REPORTING PRIVATE SECTOR COMMENTS ON MORALES BER-MUDEZ' PRESS CONFERENCE REMARKS INDICATING THE NEED FOR PRIVATE INVESTMENT IN PERU. REPRESENTATIVES FROM THE PERUVIAN SOCIETY OF INDUSTRIES, THE ASSOCIATION OF EXPORTERS, THE NATIONAL CONFEDERATION OF RETAILERS AND SIMILAR ORGANIZATIONS WERE QUOTED AS EXPRESSING THEIR GROUPS' APPRECIATION FOR THE PRESIDENT'S PUBLIC RECOGNITION OF THE ROLE OF THE PRIVATE SECTOR. THE FOLLOWING QUOTE FROM LA PRENSA ATTRIBUTED TO AN EXECUTIVE OF THE ASSOCIATION OF EXPORTERS IS TYPICAL OF THE COMMENTS COMING FROM THE PRIVATE SECTOR: "THE PRESIDENTIAL STATEMENT WILL CREATE A CLIMATE OF CONFIDENCE IN THE PRIVATE BUSINESSMAN AND OPENS THE WAY FOR A SOLID, PLURALISTIC EFFORT FROM THE PRIVATE AND PUBLIC SECTORS TOWARD THE DEVELOPMENT OF THE NATIONAL ECONOMY."

3. COMMENT: A. THE PRESIDENT'S REMARKS ON CUAJONE AND HIS EMPHASIS ON THE FAVORABLE ROLE OF SPCC IN DEVELOPING THE MINING PROJECT. IN CONJUNCTION WITH HIS ENCOURAGEMENT OF PRIVATE INVESTMENT IN GENERAL, IS A REAFFIRMATION THAT THE REVOLUTIONARY GOVERNMENT IS RELAXING ITS HARSH NATIONALISTIC STANCE TOWARD FOREIGN INVESTMENT. ONE IS EVEN TEMPTED TO ASSESS THE PRESIDENT'S REMARKS AS AN EFFORT TO REASSURE SPCC THAT ITS CUAJONE AND TOQUEPALA PROJECTS MAY BE FREE FROM POSSIBLE FUTURE EXPROPRIATION ATTEMPTS.

B. THE PRESIDENT'S GENERAL REMARKS ON PRIVATE INVESTMENT AND THE FAVORABLE REACTION FROM THE BUSINESS COMMUNITY CONTINUE A DIALOGUE OF SORTS THAT HAS BEEN DEVELOPING OVER THE COURSE OF THE LAST FEW MONTHS. ALTHOUGH THE PRESIDENT HAS BEEN SPEAKING ALONG BASICALLY THESE SAME LINES SINCE HIS MARCH 31 SPEECH (LIMA 3079) IT IS ONLY RECENTLY THAT HE HAS BEEN ABLE TO HAVE ALL HIS MINISTERS FOLLOW HIS LEAD. WHILE THE BUSINESS COMMUNITY HAS WELCOMED THE LATEST PRESIDENTIAL WORDS OF REASSURANCE TO IT, THE PRIVATE SECTOR IS STILL AWAITING ADDITIONAL CONCRETE ACTION, IN THE FORM OF MODIFICATIONS TO THE LABOR STABILITY AND LABOR COMMUNITY LAWS, IN SUPPORT OF PRIVATE ENTERPRISE. AL-

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THOUGH MOST BUSINESS MEN FEEL THAT THESE CHANGES ARE IMMINENT, IT IS NOTEWORTHY THAT LA PRENSA TOOK PAINS TO POINT OUT IN ITS ARTICLE ON THE BUSINESSMEN'S COMMENTS THAT THE PRESIDENT MADE NO REFERENCES TO CHANGES IN EXISTING LEGISLATION THAT AFFECTS INVESTMENT. DEAN

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